



Annual Report 2017

INSIDE

WHAT'S

INSIDE

04/ Message from John Bergsma, Vice-Chair of OCWA's Board of Directors

25/ Measuring Performance - 2017 Results

06/ Message from Nevin McKeown, OCWA's President and CEO

30/ Board of Directors

08/ Our Organization

33/ Officers of the Agency

10/ Governance and Accountability

36/ Financial Statements

12/ 2017 Achievements

D E

VISION

A trusted world leader in water

MISSION

To demonstrate service excellence through the delivery of safe, reliable and cost-effective clean water

VALUES

OCWA's values are focused on building TRUST with clients and other stakeholders. We strive to gain their trust by being:

TRANSPARENT

Open and honest communication of our business activities.

RESPECTFUL

Build sound relationships with our staff, clients and other stakeholders, by embracing diversity, acting responsibly and doing what is right.

UNDERSTANDING

Confidence in the knowledge and ability of our people to meet the challenges of the water and wastewater industry. Continuously learn current trends and innovative technologies and/or processes in our industry.

SAFE

Deliver clean water services to protect our employees, the communities we serve, and the environment.

TEAMWORK

Work together, share our collective expertise and be innovative in delivering exceptional results and achieving our mission.



MESSAGE FROM JOHN BERGSMA

**VICE-CHAIR OF OCWA'S
BOARD OF DIRECTORS**



2017 marked my tenth year on the Board of Directors for the Ontario Clean Water Agency (OCWA), the last year and a half of which I had the privilege of acting in the role of Board Chair. During my time with OCWA, I have witnessed an evolution in the leadership of our Executive Management and Senior Leadership Teams and our Board of Directors. I am proud to have seen the Agency thrive under their guidance, both operationally and financially.

OCWA has undergone a dramatic business transformation over the past decade, which has accelerated over the past four years, becoming a Total Water Solutions Provider delivering a full range of water and wastewater services to its municipal and other clients. The Agency has substantially improved its overall productivity, modernized its information technology capabilities and helped clients to optimize their facilities, improving performance and reducing energy and chemical consumption. Other significant achievements include improved water quality compliance, better health and safety performance, and stronger relationships with OCWA's First Nation clients. Together these changes have enabled us to deliver a consistently high level of service to our clients across the Province, while also ensuring the Agency's long-term financial sustainability.

“...one thing that has remained consistent is our commitment to providing clean, safe drinking water for the communities in which we operate...”

This past year Nevin McKeown was appointed as OCWA's President and CEO. While new to the role of CEO, Nevin is not new to the Agency, having spent his career working with both OCWA and the Ministry of the Environment and Climate Change. Having supported our largest client, the Region of Peel, throughout his career, Nevin not only possesses a wealth of operational knowledge, but also has a firm understanding of the challenges that our clients are facing and how the Agency can help to address them.

By continuing to execute the strategies that the Agency has put in place over the past few years, Nevin and his team were able to successfully deliver a positive return on OCWA's operations for the third year in a row, working hard to enhance the strong relationships that we have built with our clients and placing the Agency in a strong position for the future.

OCWA celebrates its 25th anniversary in 2018. This milestone provides a welcome opportunity to reflect on how our industry has changed over the years, the growing expectations that our municipal clients are facing, and how we have evolved as an organization to provide the support that our current and future clients require. It also provides an opportunity to assess what needs to be done to ensure that we continue to meet our clients' needs as they evolve over the next 25 years.

While the framework in which we operate has changed significantly over the years, one thing that has remained consistent is our commitment to providing clean, safe drinking water for the communities in which we operate and ensuring that the wastewater that we treat is managed in an environmentally responsible fashion.

As I near the end of my tenure on OCWA's Board of Directors, I take pride in having played a role in helping guide the evolution of such a dedicated organization. It's hard to predict the challenges that the Agency and our clients will encounter, but I am confident that OCWA's leaders, and the talented group of successors whose leadership capabilities they are helping to develop, have the skills and attributes necessary to meet these challenges as they arise. I am proud of the accomplishments that OCWA and its employees have achieved during this time and am grateful for the privilege of having served OCWA and the Province during this era of positive change.



MESSAGE FROM NEVIN MCKEOWN

OCWA'S PRESIDENT AND CEO



This past year was an exciting year for OCWA, my first as President and CEO. Having been with OCWA since its inception in 1993, I have witnessed the Agency's evolution over the years and I can say with confidence that we are now more efficient, adaptive and client-focused than at any point in our history. As we enter our 25th anniversary year, I am confident that we are headed in the right direction to ensure our future success.

A highlight for me this past year has been the opportunity to meet with clients and staff across the Province. I've really enjoyed talking with them about what needs to be done to ensure that we keep delivering exceptional service and continue to make OCWA a great place to work. It's been interesting finding out about the different issues that our clients are facing, as well as the ways in which many of their needs are the same, despite differences in size and geography.

The clients I have met while travelling have been very supportive of OCWA. They often speak about the quality and dedication of our people, a sentiment I echo. The depth of talent that we have at OCWA is our greatest strength as an organization. Our exceptional leadership team is supported by some of the most talented people in the industry, many of whom will assume leadership roles in the future.

We've accomplished a lot together as an organization over the past year and have much to be proud of. Our commitment to our clients is driving our financial success, with revenue from our operations continuing to grow year over year. We once again delivered positive results from our operations and exceeded our ambitious revenue target of \$190 million, establishing another record for the Agency.

We successfully completed the implementation of upgrades to our core operational information technology systems through the OCWA Tools Evolution Program (OTEP) and developed a comprehensive plan for our next phase of technology investments and process improvements, which we are referring to as our Business Transformation Program.


We continued to expand our focus on mitigating the impacts of climate change and reducing the production of greenhouse gasses in client facilities, providing ongoing benefits for our clients, particularly with regard to energy management and waste diversion.

We continued our work supporting the development and commercialization of innovative water and wastewater technologies in conjunction with sector partners like the Southern Ontario Water Consortium and worked to support the development of sustainable water and wastewater treatment solutions for First Nation communities.

“We once again delivered positive results from our operations and exceeded our ambitious revenue target of \$190 million, establishing another record for the Agency.”

Other significant accomplishments include the launch of the third phase of our I Don't Flush public awareness campaign, which focused on the importance of properly disposing of fats, oils and grease instead of flushing them down the drain; including new client communities in our OneWater® educational program; and expanding our focus on employee health and safety by launching a renewed and refreshed health and safety program.

This is an exciting time in our industry, full of challenges and opportunities. We have set a lot of ambitious goals for the future, but I am confident in our ability to achieve them. The services that we deliver to our clients will continue to evolve over time, but our commitment to working in partnership with them to provide clean, safe drinking water to the people of Ontario will always stay strong.



OCWA was established in 1993 as an agency of the Province of Ontario with a mandate to provide water, wastewater and other related services to our clients in a manner that protects human health and the environment and encourages the conservation of water resources.

OUR ORGANIZATION

Since that time we have delivered a wide range of water and wastewater services to over 180 municipal, institutional, commercial and First Nation clients across the Province of Ontario. We operate more than 800 water and wastewater treatment facilities and associated collection and distribution systems on behalf of our clients – more than any other operator in Canada.

OCWA has an unmatched ability to deliver excellent compliance and safety performance across diverse regions, technologies and facility sizes. Our people treat water, wastewater and stormwater for populations as large as 1.4 million in the Region of Peel and as small as 2,400 in Moose Factory, where the facility is operated remotely from Kirkland Lake.

Over 90 per cent of our employees are directly involved in developing, selling and delivering customer solutions. We deliver our services through a hub/satellite structure as part of our approach to ensuring cost-effective operations, which helps facilitate the efficient sharing of management, administration and operational systems to benefit our clients.

In addition to operations and maintenance, which is our core business, we offer our clients a broad array of related services, including financing, planning, engineering, construction,

training and other technical and advisory services such as process optimization, energy and asset management. Our goal is to assist our clients in managing their water and wastewater facilities and associated distribution and collection systems at every stage of the asset lifecycle and to help them ensure the sustainability of their water and wastewater systems. In everything we do, we are steadfastly committed to implementing innovative technologies, processes and solutions aimed at improving operational efficiency and reliability.

Given our mandate as a public agency, the protection of public health and safety is our top priority. Our specially-equipped and highly-trained emergency response teams are available 24 hours a day to provide immediate response to water or wastewater emergencies throughout Ontario, providing an essential resource to the Province. With locations across Ontario, we are always nearby, ready and able to provide emergency resources should the need arise. We also support the Province of Ontario in safeguarding drinking water for the people of Ontario by providing training services for water operators on behalf of the Walkerton Clean Water Centre.

We meet the objectives of the *Water Opportunities Act* by working to promote, develop, test, demonstrate and commercialize

clean water technologies. Across Canada and around the world, a combination of aging infrastructure and escalating capital and rehabilitation costs are forcing water utilities to find ways to do more with less. Fortunately, OCWA is well positioned to help make Ontario a world leader for water technology by connecting promising technologies with full-scale pilot sites.

We're also innovating in the area of information management. OCWA is implementing an integrated information technology system to automate the collection, analysis and control of water and wastewater facility information across one of the largest wide area networks in Canada. Our goal is to ensure that our operational staff and our clients have ready access to up-to-date information on all of the facilities that we operate.

We believe that OCWA's success with these initiatives will help the Province to conserve and sustain our water resources for present and future generations, protect the health of Ontario residents and strengthen Ontario's position as a leading global exporter of water technology products and services.

GOVERNANCE & ACCOUNTABILITY

OCWA is governed by a Board of Directors (“the Board”) whose members are appointed by the Lieutenant-Governor-in-Council on the recommendation of the Minister of the Environment and Climate Change (“the Minister”). The Board, which is accountable to the Provincial Legislature through the Minister, follows best practices in corporate governance and adheres to a Board Code of Conduct.



OCWA's governance structure, powers and responsibilities are set out in *the Capital Investment Plan Act*. A Memorandum of Understanding with the Ministry of the Environment and Climate Change (MOECC) and annual Mandate Letters from the Minister further clarify the Agency's roles and duties. We manage our operations in a manner that is fair, ethical and transparent, providing the best overall value for our various stakeholders, thereby ensuring accountability to our clients, the government and the citizens of Ontario.

The Board is responsible for setting the Agency's strategic

direction, monitoring overall performance and ensuring appropriate systems and controls are in place in accordance with the Agency's governing documents. To help fulfill its mandate and oversight responsibilities, the Board has established five standing committees: the Audit and Finance Committee (AFC), the Compliance and Operational Risk Management Committee (CORM), the First Nations Committee (FNC), the

Human Resources, Governance and Nominating Committee (HRGNC), and the Business Transformation and Technology Committee (BTTC). Quarterly Board and Committee meetings are augmented by at least one annual strategic planning session and the establishment of Board Task Forces where required to oversee the implementation of significant Agency initiatives.

The need to manage risk is critical in the water sector, which is why we have established a comprehensive Enterprise Risk Management (ERM) Framework and Policy, aligned with the requirements set out in the Ontario Public Service (OPS) Agencies and Appointments Directive and based on best practices in the water industry. We regularly identify, assess, manage, and monitor key risks, which are reviewed by our Executive Management Team (EMT) and reported to the Board. The Board and EMT perform an assessment of enterprise risks and review and approve the ERM Framework and Policy each year. Updates on OCWA's key risks and action plans to address the risks are also provided to CORM and the Board on a quarterly basis.

ACCOUNTABILITY

OCWA IS COMMITTED TO MAINTAINING ACCOUNTABILITY TO OUR CLIENTS, THE PROVINCE AND THE PUBLIC. TO ACHIEVE THIS WE:

- ◆ Report on facility performance to our employees, clients and stakeholders;
- ◆ Publicly post the Agency's MOU with the MOECC;
- ◆ Publicly post the annual Mandate Letters received from the Minister;
- ◆ Generate a publicly available Annual Report that is approved by the Minister and tabled in the Provincial Legislature;
- ◆ Produce a three-year Business Plan which is submitted annually to the Minister for approval and made available publicly;
- ◆ Publicly post information on Board, Executive and staff member travel claims as required by the *Public Sector Expenses Review Act*;
- ◆ Conduct regular internal audits;
- ◆ Have annual attest audits conducted by the Office of the Auditor General and periodic Value for Money audits;
- ◆ Undergo a mandate review every seven years;
- ◆ Comply with the *Freedom of Information and Protection of Privacy Act*; and
- ◆ Comply with OPS policies and directives.



2017 ACHIEVEMENTS



WORKING IN PARTNERSHIP WITH THE REGION OF WATERLOO

OCWA's second largest client, the Region of Waterloo includes the municipalities of Waterloo, Kitchener and Cambridge, along with a number of smaller local municipalities. OCWA supports the Region by providing operation and maintenance services for the 13 wastewater treatment plants, six pumping stations and one de-watering facility that serve the needs of the more than 535,000 people living in the Region. Every day the Region's wastewater plants treat approximately 180 million litres of wastewater – enough to fill about 3,600 backyard swimming pools.

In recent years, the Region has undertaken a \$700 million capital upgrade program – expanding and upgrading its wastewater treatment infrastructure to meet the demands of its growing population. OCWA has provided the Region with operational insight and support throughout the expansion, providing input at pre-design and construction meetings and working closely with Regional staff to manage the impact of the construction on the operation of the existing

facilities. OCWA has maintained an excellent compliance record throughout the various construction activities and has also maintained an excellent health and safety record, with no lost-time injuries reported.

In addition to supporting the Region's capital upgrade program, OCWA provides support for a variety of Region-led initiatives such as process innovation and technology, energy management and long-term asset management. OCWA staff work with the Regional staff responsible for managing these initiatives, assisting them with setup, sampling and operation of various trials. Other supports include Vendor of Record and other service

agreements that enable OCWA to secure preferential pricing for goods and services and improve on operation, maintenance and capital deliveries to the Region.

OCWA will continue to support the Region in the future, providing operational input and sharing expertise with Regional staff as they develop plans for the next phase of the Region's plan for its wastewater infrastructure. This includes the development of energy-efficient wastewater facilities that utilize the biogas produced through the treatment process to generate electricity that can then be used to power the facilities, reducing reliance on external power sources.



RESPONDING TO FLOODING IN MINDEN HILLS

In May of 2017, following many days of rain, high water levels on the Gull River and Burnt River watersheds caused flooding and road closures throughout the surrounding area, leading the Township of Minden Hills to declare a state of emergency. The severe flooding led to the failure of one of the two river crossing watermains in Minden, resulting in a loss of water service to several residents and businesses.

OCWA was asked by the Township to oversee temporary servicing of the affected area until the watermain could be repaired (once the flooding had receded). The temporary watermains that OCWA installed enabled the Township to restore service to the affected area and resulted in significant cost savings when compared to the cost of trucking water to the affected residents and businesses until a permanent repair could be completed. The Township's decision to purchase the temporary watermain for future use enhances their capacity to respond to future flood events, should they occur.

This isn't the first time that OCWA has helped to manage the impact of flooding in Minden Hills. Five years earlier, in April of

“On behalf of the Township of Minden Hills, I would like to extend our appreciation for the amazing work done by the OCWA team while the Town of Minden was flooding. The hours that you spent working on this event, and the professionalism that you have shown, have impressed the Township of Minden Hills immensely.”

Ivan Ingram

*Environmental and Property Operations Manager
Township of Minden Hills*

2013, heavy rainfall and snowmelt in the Trent-Severn led to a "100-year flood" of the Gull River. The flood caused major damage to residential and commercial properties, leading to road and bridge closures throughout the area. In response to the situation, one of OCWA's Emergency Response Teams was called upon to provide operational relief to the community. The team brought additional pumping equipment with them when they arrived to help prevent sewage backups, damage to the water facility's electrical system and damage to the wastewater facility. The flood lasted 26 days, with OCWA able to keep the water and wastewater systems in service under the most extreme circumstances, saving

the municipality approximately \$2.7M in avoided costs/losses.

While the 2017 flood was not as severe as the one in 2013, it nonetheless helps to emphasize the impact that advance planning and preparation can have on managing an emergency situation and helping to mitigate the impacts of the emergency. By having pumping equipment and other emergency supplies readily available, OCWA staff are able to respond immediately to assist our clients in the event of a flood or other emergency, reducing the potential for damage and minimizing restoration costs.

OCWA'S EMERGENCY RESPONSE TEAMS

OCWA's Emergency Response Teams provide the Province with the capability to effectively and efficiently remediate water and wastewater emergencies in Ontario municipalities and First Nation communities. Situated in five locations across the Province and available 24 hours a day, these teams are always nearby, ready and able to provide emergency assistance should the need arise.

PILOTING THE BENEFITS OF REMOTE MONITORING IN NORTHERN FIRST NATION COMMUNITIES

OCWA is committed to working with our First Nation and government partners to implement sustainable water and wastewater solutions that ensure the effective operation and maintenance of First Nation water systems and contribute towards the elimination of long-term drinking water advisories. As part of this commitment, we provide support to First Nation clients managing the day-to-day operation and maintenance of their water and wastewater systems and help them to develop plans and processes that will ensure the long-term sustainability of those systems.

There are many challenges facing First Nation communities in Ontario, particularly those communities in northern and remote locations. Some of these challenges include a lack of financial and technical resources

required to manage and maintain their systems, small and geographically dispersed facilities that don't benefit from the economies of scale achieved by larger operations, and a limited ability to collect and analyse data to make informed operational and financial decisions.

In an effort to address some of these concerns, OCWA is working in partnership with the Waabnoong Bemjiwang Association of First Nations (WBAFN) and the Bimose Tribal Council (Bimose) to implement two remote monitoring and maintenance pilot projects. The pilot projects, which began in late 2017, involve installing a remote monitoring system and an asset management system in participating WBAFN and Bimose communities. The pilots take a shared services approach

to supporting the operation and maintenance of community water and wastewater systems and aim to provide the local WBAFN and Bimose operating teams with the technology and training required to effectively manage their systems in a sustainable fashion.

The remote monitoring systems will allow for local water and wastewater systems to be monitored off site in real time and will enable sharing of information among local teams. The asset maintenance systems will support the development and implementation of standardized facility maintenance practices that are expected to result in increased maintenance productivity and reduced equipment failure while capturing the information required for the development of long-term infrastructure plans.

Early results from the pilots look promising, with the remote monitoring system enabling the Bimose Tribal Council to proactively assist local community operators and prevent operational problems. After the pilots are completed in 2018, OCWA will work with WBAFN and Bimose to assess their success and, if the final results are positive, determine how to expand the programs beyond the pilot communities to other WBAFN and Bimose First Nations and potentially to other First Nation communities in Ontario.



ENHANCING OUR OPERATIONAL SYSTEMS AND PROCESSES TO BETTER SUPPORT OUR CLIENTS

For the past few years OCWA has been working towards achieving our long-term goal of becoming a data driven organization with fully integrated information technology (IT) systems that provide operational staff and clients with ready access to real-time information.

In 2011, we initiated a review of our IT strategy to explore how the Agency's IT systems and tools could be best aligned with industry trends and our overall business strategy. Since that time, OCWA has made a significant investment in upgrading and enhancing the IT systems through a comprehensive project that we referred to as the OCWA Tools Evolution Program (OTEP).

Key enhancements made through OTEP include:



Upgrading and enhancing the Agency's Supervisory Control and Data Acquisition (SCADA) system, which is used to monitor and control the water and wastewater systems that the Agency manages on behalf of clients that do not already have SCADA systems of their own;



Implementing and enhancing the Agency's Process Data Management (PDM) system, which is used to store and analyze key operations and compliance data, the availability and management of which is fundamentally important to helping OCWA maintain its record of quality and compliance;



Implementing an upgraded Work Management System (WMS), which enables OCWA to track and manage operators' work and manage and maintain clients' assets, providing operators with access to the information required to support increasingly complex maintenance and asset management activities, while also providing clients with more direct information about their assets and the performance of their facilities. The system allows the Agency to reduce maintenance costs and minimize risks such as unplanned equipment failure for clients, while helping to analyze asset performance, recommend rehabilitation and renewal investments and make sure client assets are sustainable; and



Piloting a handheld solution that allows for the operation and maintenance of water and wastewater systems regardless of where the operator is physically located. Through the handhelds, operators can pull data from a number of systems, including WMS and the SCADA historian, in the field rather than just in the control room, improving their ability to make fast, informed decisions.

In addition to upgrading our IT systems through OTEP, we also revised our organizational structure to provide better service to our clients and have worked hard to improve and standardize our operational processes across the organization. These changes have resulted in full redundancy of the Agency's computing services, network and applications across two data centres, including a comprehensive disaster recovery plan; a substantial increase in the number of

sites connected to the OCWA network (from 40 to 320); and the addition of nearly 1000 supported devices to be used by OCWA operations staff. They have also resulted in a 14% increase in overall employee productivity between 2012 and 2017.

With the majority of changes initiated through OTEP completed in 2017, the next phase in our ongoing organizational transformation will be the launch of OCWA's Business Transformation Program (BTP).

The program, which builds on the foundation established by OTEP and will be implemented over a number of years, includes additional strategic investments in OCWA's business practices, IT systems, personnel and infrastructure. Key areas of focus in the first phase of the program will be enhancing the Agency's asset management program and updating our current financial system to better support continued business growth.





WORKING TOGETHER TO SUPPORT WATER INNOVATION

For the past few years, OCWA and the Southern Ontario Water Consortium [SOWC] have worked closely to support the development of innovative water and wastewater technology solutions. From testing and demonstration, to piloting and first customers, each organization has a complementary role to play in collaborating with companies, end users, government, and other partners to “clear the path” to advance innovation in the water industry.

SOWC is a network of 10 post-secondary institutions that helps companies advance innovative water technologies and services by connecting them with relevant academic experts and providing access to world-class demonstration facilities that can advance technologies from the benchtop through to full-scale pilots under real-world conditions.



SOWC also provides financial support for collaborative industry-led technology development projects through its Advancing Water Technologies [AWT] program.

OCWA works with clients to pilot and adopt new and innovative technologies. During these pilots, OCWA operators and process and engineering teams provide clients and companies with advice on the operability of a technology under various conditions – delivering new opportunities for lower operating costs, enhanced water quality, environmental stewardship, infrastructure renewal, reduced energy and chemical consumption and reducing the “carbon footprint” of water and wastewater operations.

The collaboration between OCWA and SOWC has introduced OCWA to companies that have a viable product ready

for municipal pilot testing or adoption. OCWA has also been a resource and partner for AWT projects executed at OCWA client facilities, including an AWT project with Fleming College that was awarded to Ontario-based Walker Environmental, the aim of which is to process municipal biosolids and produce a “Class A” fertilizer at a low cost.

In addition to helping companies to pilot and commercialize new technologies, OCWA and SOWC are working together to educate Ontario municipalities about emerging technologies by hosting an ongoing series of workshops that bring technology companies, municipal end-users and researchers together to discuss what can be done to reduce barriers and facilitate the adoption of new technologies.

MAKING “NET ZERO ENERGY” WASTEWATER FACILITIES A REALITY IN ONTARIO

On October 30, 2017, a group of municipal leaders, water technology companies and academic experts came together to answer the question: Can we create five “net zero energy” wastewater facilities in Ontario in the next five years? They were all participating in a workshop hosted by OCWA and SOWC, one of a series of similar events that the two organizations have held over the past few years.

For a wastewater plant to be considered a net zero energy facility, the energy produced by the plant has to balance the energy consumed in the wastewater treatment process. Steps taken to achieve net zero include adapting treatment processes to reduce the energy required for treatment and capturing the biogas produced during treatment and converting it to renewable natural gas.

A number of Ontario technology companies are actively developing technology

solutions that will enable the implementation of net zero energy facilities. Provincial government planning and policy are also aligning in support of these new facilities, with a new regulation for asset management planning now in place, a framework emerging for organics management and new funding programs available for innovative technologies and municipal infrastructure projects.

Even with all of these things coming together to make net zero energy wastewater facilities a reality, there is still work to do.

That work was the focus of much of the discussion at the OCWA/SOWC workshop. After reviewing the approach that the City of Stratford is taking with their net zero energy wastewater project, which is described in greater detail on page 21, the group worked together to identify challenges facing municipalities considering the implementation of net zero energy facilities in their communities and determine what can be done to address the challenges.



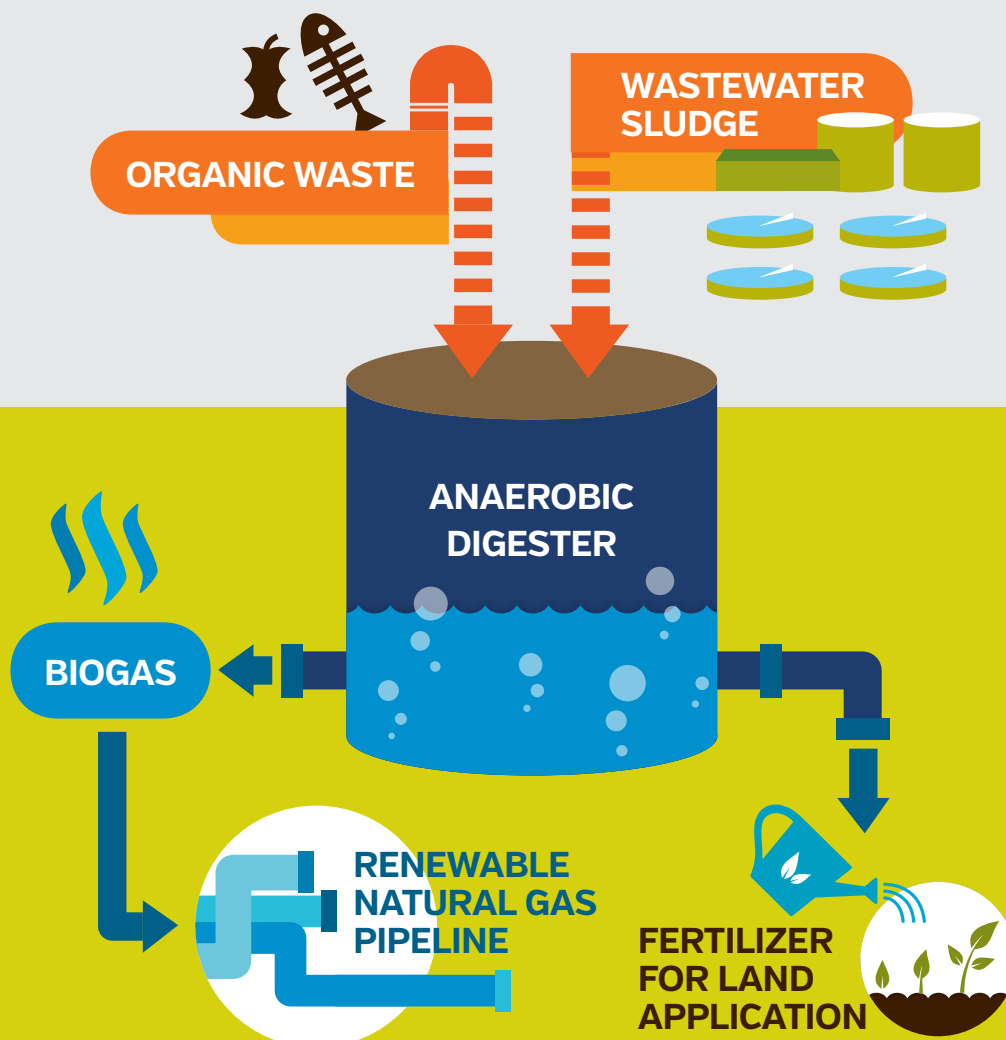
Other key topics of discussion during the day included: the need for integrated planning, both internally and with external stakeholders; the need to effectively gather and assess data to support knowledge-based decision-making; the value of taking a regional approach to harness economies of scale; and how to support

innovation while managing the regulatory approvals process.

Workshop participants found the day to be very useful, with everyone agreeing that there is a tremendous opportunity to move forward with net zero projects in Ontario. For many participants the workshop, this was the first in a series

of discussions that will hopefully lead to more net zero facilities in the Province. While achieving full net zero won't be feasible in all municipalities, moving towards net zero goals – driving efficiencies in energy consumption and investigating options for energy capture and reuse – will be universally beneficial.

NET ZERO ENERGY WASTEWATER FACILITY



STRATFORD NET ZERO ENERGY PROJECT

Working together, the City of Stratford, OCWA and SUEZ Water Technologies and Solutions are planning to undertake a project that aims to significantly reduce the production of harmful greenhouse gas (GHG) emissions. The project involves using new technology to optimize the existing Stratford Water Pollution Control Plant, increasing the production of methane gas by adding compost and source separated food waste. The resulting methane gas is then converted into renewable natural gas – a clean, carbon-neutral energy source – and fed back into the local gas distribution system. In addition to producing a renewable energy source, the project supports the Province's strategy for a waste-free Ontario by diverting waste from the City's landfill.

This innovative project is the direct result of the innovation ecosystem that has been established in Ontario over the past few years. Building on their previous work with Suez as part of the Advancing Water Technologies program, SOWC facilitated an introduction to OCWA. The Agency not



only introduced Stratford as a suitable municipal partner, but came on board itself as a partner in the project.

The project, which is planned to be completed in 2019, has received funding from the Ontario Centres of Excellence through a program called Target GHG, which is dedicated to projects that reduce GHGs and

increase energy efficiency. In addition to providing a direct benefit to the City of Stratford and surrounding municipalities, the project could serve as a model for other municipalities across Ontario and Canada, many of which have untapped potential to produce renewable natural gas and significantly reduce harmful GHG emissions.

“We’re very excited about the opportunity to work with OCWA to optimize the Stratford Water Pollution Control Plant. By bringing together key stakeholders and helping the City to secure funding for the project through the Target GHG fund, OCWA is helping to make this project a reality, highlighting the value that they bring to the City.”

Ed Dujlovic

*Director of Infrastructure and Development Services
City of Stratford*



BUILDING BRICKS FROM ASH

As part of our commitment to environmental sustainability, OCWA works with many municipalities to reduce greenhouse gases, lessen waste, recover resources, and support a circular economy. We are especially proud of our work with the Region of Peel in the fight against climate change.

The G.E. Booth Wastewater Treatment Facility (GEB) in the Region of Peel has been incinerating the sludge that is left over from the wastewater treatment process since 1982. With four modern and environmentally sound incinerators in operation, Peel avoids the environmental impacts from sludge haulage and sending waste to landfill. What's left of the process is ash, which is stored at GEB.

Peel's current onsite ash storage capacity will last another 10-15 years. But what to do with the ash before the site reaches capacity? To close the circle, Peel and OCWA have been involved in a variety of long-term projects to investigate alternate uses for ash, one of which is a project with Brampton Brick to use the ash in the production of their bricks. When mixed with clay and concrete, the ash strengthens the bricks, providing a consistent red colour throughout (unlike exterior dyed brick). As the operator for GEB, OCWA extracts the ash, develops ash quality and volume analytics and works with Brampton Brick to load the ash for safe transport.

Testing of the ash from the 1980's through to 2017 has

shown a remarkably stable composition, which is good news for the future life of this project – and excellent news for the environment. In the future, this ash, like other ash currently in use by Brampton Bricks, can help to expand the company's quarrying time by using less clay.

Direct extraction of ash from emissions would make the Peel wastewater system almost waste-free. OCWA actively supports the Region in this goal and in Peel's search for more efficient ways to find additional applications for the ash – all steps toward reducing future storage needs.

“We are pleased to have OCWA’s operational expertise and enthusiastic support for the ash use and other innovative projects in Peel. We really work hand-in-hand with OCWA to continually lower waste and our carbon footprint in our water and wastewater systems.”

John Glass

Wastewater Treatment Capital Manager, Region of Peel

EXPANDING THE I DON'T FLUSH MESSAGE

The “I Don’t Flush” campaign, which OCWA runs in conjunction with the Clean Water Foundation, encourages responsible use of municipal wastewater collection systems by educating the public about the impact of disposing non-flushable materials down the toilet or drain. The campaign features a website (www.idontflush.ca), Twitter feed (@idontflushnews), Facebook page ([idontflush.ca](https://www.facebook.com/idontflush.ca)) and public service announcements.

Three phases of the campaign have been launched to date. The first phase focused on returning unused or expired medications to pharmacies, as opposed to

flushing them down the toilet or drain – or throwing them in the garbage. The second phase focused on fibrous personal hygiene products, such as wipes, dental floss, and sanitary products. The third phase of the campaign, launched in October of 2017, educated the public on proper disposal of fats, oils and grease – aka FOG – which, if poured down the drain, can cause significant damage to both household plumbing and municipal wastewater systems.

The campaign received more than 20 million media impressions in 2017 and was featured in print and television media across the Province, including several top-tier outlets such as Breakfast Television (Toronto) and Global Television’s The Morning Show. We hit the big screen as well, with the PSA running during movie pre-shows at York Region

**I don't
flush**

idontflush.ca

Cineplex theatres over the busy December holiday period.

Social media continued to be an important medium to help communicate the I Don’t Flush message. We posted more original content during this campaign than previous ones – and this proved to be popular, especially with our municipal partners. The campaign’s reach will continue to grow, as the PSA was picked up in late 2017 by CHCH TV (3.9 million viewers weekly across Canada) and will be broadcast throughout 2018.









DRIVING A MORE ROBUST HEALTH AND SAFETY CULTURE

Ensuring the health and safety of our employees and everyone else who works with the Agency is an ongoing priority for OCWA. Our commitment to health and safety includes taking personal responsibility for working safely, identifying and taking immediate action on workplace hazards and actively supporting individual and collective well-being.

In 2017 we focused on developing an ingrained safety culture within OCWA and improving the Agency's health and safety program. This included:

- ⚡ Streamlining our health and safety framework, policy and related procedures to clarify requirements and improve employee understanding and compliance;
- ⚡ Enhancing the Agency's focus on safety leadership, including becoming the first water and wastewater company to join the League of Champions, an organization dedicated to create a safety culture in construction and other industries;
- ⚡ Establishing and tracking leading health and safety performance indicators like near-miss reporting (which is considered to be a leading indicator for organizational health and safety performance, with more employees reporting near-misses as the organization's safety culture becomes ingrained) in addition to lagging indicators like lost time and recordable incident rates (which track the rate of lost time injuries and recordable incidents for every 100 employees);
- ⚡ Developing and implementing improved health and safety inspection and auditing tools and risk controls; and
- ⚡ Training employees on the requirements of the restructured health and safety program and engaging them in making safety an integral part of their daily activities.

Our enhanced focus on our health and safety culture is continuing to show results, with our lost time and recordable incident rates decreasing by 60% and 62% respectively and near-miss reporting increasing by 35% as compared to 2016.

	2016	2017	% Change
Lost Time Injury Rate 	0.58	0.23	60% 
Recordable Incident Rate 	2.09	0.80	62% 
Near-Miss Reporting 	56	76	35% 



MEASURING PERFORMANCE

2017 RESULTS

1

STRATEGY

STRATEGIC INITIATIVE

Helping Clients to Develop Long-Term Infrastructure Plans

GOAL

Help clients to develop long-term plans for managing their water and wastewater infrastructure and ensuring the sustainability of their systems

STRATEGIC INITIATIVE

Saving Energy and Mitigating the Impact of Climate Change

GOAL

Help clients to decrease energy consumption and reduce the production of greenhouse gases (GHGs) in their facilities

DELIVERING TOTAL WATER SOLUTIONS TO OUR CLIENTS

PERFORMANCE MEASURES

- Comprehensive asset planning and capital delivery program strategy and framework developed by Q2, 2017

YEAR-END RESULTS

- Development of an OCWA-specific asset management framework and training program deferred to 2018; will be included as part of the Agency's Business Transformation Program
- Standardized construction administration templates developed and shared with all Regional Hubs
- Engineering procedures manual updated to include a detailed framework with steps for undertaking capital construction projects

PERFORMANCE MEASURES

- GHG reduction through beneficial use of methane piloted in 2017
- OCWA/IESO energy program delivers cumulative energy savings of 36,000 MWh in client facilities by the end of 2017

YEAR-END RESULTS

- Pilot project not implemented in 2017, as focus was on planning for a full-scale implementation of a Renewable Natural Gas (RNG) project in Stratford (the first of its kind in Canada)
- Funding for the Stratford project was approved in 2017 and the project is expected to be completed and online by 2019
- In addition to moving forward with the RNG project in Stratford, OCWA is in discussion with various municipalities regarding future RNG, co-digestion and biosolids projects that will help to combat climate change and reduce the production of greenhouse gases
- OCWA/IESO pilot P4P program officially extended for two additional years to July, 2019
- As at the end of 2017, the program had delivered cumulative energy savings of 33,076 MWh, 2924 MWh below target; some of this shortfall [1413 MWh] was the result of project completion delays – these projects are expected to be completed in Q2, 2018

STRATEGIC INITIATIVE**Harnessing the Potential of Big Data****GOAL**

Develop a strategy for utilizing “smart” system data to enhance client operations and asset management practices

PERFORMANCE MEASURES

- Business intelligence and data analytics program strategy developed by Q2, 2017

YEAR-END RESULTS

- Business Transformation Program (BTP), a multi-year plan for strategic investment in OCWA's business practices, information technology systems, personnel and infrastructure, approved by the Board in December
- First phase of BTP implementation to begin in 2018



INCREASED PRODUCTIVITY, EFFICIENCY AND EFFECTIVENESS

STRATEGIC INITIATIVE**Organizing for Growth****GOAL**

Implement OCWA's new organizational structure

PERFORMANCE MEASURES

- Majority of organizational changes complete by the end of 2017, with full implementation complete by mid-2018

YEAR-END RESULTS

- Majority of organizational changes complete at the end of 2017
- Change management strategies developed and implemented to support the Agency's new Regional Hub structure
- Evaluation of the effectiveness of the change management strategies conducted at year-end with renewed communication, initiatives and processes put in place to address identified issues and drive sustained change

STRATEGIC INITIATIVE**Working Smarter Through the Use of Technology****GOAL**

Continue OCWA Tools Evolution Program (OTEP) implementation

PERFORMANCE MEASURES

- Majority of phase one OTEP initiatives complete by Q2, 2017
- Financial system upgrade assessment completed and implementation plan developed by Q2, 2017

YEAR-END RESULTS

- OTEP phase one completed in Q4, 2017
- System assessment and Request for Pre-Qualification completed in 2017
- Vendor to be selected and implementation of the new system to begin in 2018



3

STRATEGY

STRATEGIC INITIATIVE

Supporting Innovative Water Technology

GOAL

Support the development of innovative water and wastewater technologies by educating Ontario municipalities on emerging technologies and connecting technology companies with opportunities to test their solutions

DELIVERING VALUE TO OUR COMMUNITIES AND THE PROVINCE

PERFORMANCE MEASURES

- Three new water and/or wastewater technologies piloted in OCWA-operated facilities in 2017
- Two full-scale installations of innovative technologies in OCWA client facilities in 2017
- Two or more workshops or events that promote Ontario technologies and connect Ontario technology companies to municipalities organized and facilitated in 2017

YEAR-END RESULTS

- Three new water/wastewater technology pilots undertaken and/or completed in 2017, with another two pilots scheduled to begin in early 2018
- Two full-scale implementations of innovative technologies that facilitate energy recovery from biosolids incineration initiated and/or completed in 2017, with another two projects identified for implementation in the future
- "Reaching Net Zero" workshop hosted in conjunction with the Southern Ontario Water Consortium on October 30; the workshop brought together municipal clients and other industry stakeholders for an engaging discussion on energy conservation, GHG reduction and resource recovery
- Three additional learning events held for municipal decision makers in Sarnia, Hanover and St Marys; the events provided attendees with information on OCWA's energy conservation and GHG reduction initiatives, innovative technologies that are being trialed in OCWA facilities, funding programs and resource recovery initiatives, and upcoming regulatory changes

STRATEGIC INITIATIVE

Working with First Nation Communities

GOAL

Support the development of sustainable water and wastewater treatment solutions, including effective infrastructure management and elimination of long-term boil water advisories, for First Nation communities

PERFORMANCE MEASURES

- Four First Nations awareness training sessions delivered to staff that work with and support First Nations in 2017
- New community-based strategy for supporting the elimination of long-term boil water advisories (BWAs) developed by Q3, 2017

YEAR-END RESULTS

- Six First Nations awareness training sessions held in 2017
- Providing ongoing support to MOECC's Indigenous Relations Branch in developing goals and strategies to support access to clean, safe drinking water for First Nations

STRATEGIC INITIATIVE**Educating Our Communities about the Value of Water****GOAL**

Continue to enhance and promote the OneWater® and “I Don’t Flush” programs

4

STRATEGY

PERFORMANCE MEASURES

- Phase three of the “I Don’t Flush” campaign generates a minimum of 20 million media impressions, for a campaign total of 70 million or more impressions
- OneWater® program implemented in 40 client communities by the end of the 2017-18 school year, with a total of 2,000 children participating in the program since it was launched
- OneWater® program updated to incorporate a First Nations perspective

YEAR-END RESULTS

- Phase three of the “I Don’t Flush” campaign launched in October, 2017; the campaign generated over 20 million media impressions, with coverage on Global Morning, Breakfast Television, Cable14 Hamilton and CTV Barrie
- OneWater® Program implemented in 31 schools across Ontario [26 communities] as of the end of the 2016/2017 school year, with approximately 1,200 children participating. On track to add 10-15 additional schools to the program for the 2017/18 school year
- OneWater® Program updated to include an Indigenous perspective and activity for students which will be piloted in 2018

SUPPORTING OUR EMPLOYEES**STRATEGIC INITIATIVE****Enhancing OCWA’s Safety Culture****GOAL**

Develop an ingrained safety culture within the Agency by implementing a new health and safety program that ensures safety is front of mind in all tasks

PERFORMANCE MEASURES

- 2017 Reportable Incident Rate (RIR) of 2.1 or lower

YEAR-END RESULTS

- 2017 year-end RIR was 0.80, significantly below the target of 2.1 and 68% lower than the 2016 year-end RIR of 2.09

STRATEGIC INITIATIVE**Strengthening Our Skills and Capacity****GOAL**

Implement programs and initiatives that enhance the Agency’s ability to attract and retain qualified employees

PERFORMANCE MEASURES

- 20% of eligible operators upgrade water or wastewater treatment licenses from Class 2 to 3
- Recruitment strategy framework developed by Q2, 2017

YEAR-END RESULTS

- 15.2% of eligible operators upgraded one or more water or wastewater treatment licenses from Class 2 to at least a Class 3 in 2017 [24% below target]
- Continuing to develop and implement initiatives that provide operations staff with incentives to upgrade their licenses
- 3-year Human Capital plan developed that provides a framework for OCWA’s recruitment strategy

BOARD OF DIRECTORS

(AS OF DECEMBER 31, 2017)



**Joe Pennachetti,
Chair**
(as at February 8, 2018)

*Term: February 2018 to
February 2021*

Joseph Pennachetti's storied career in municipal public service spans about four decades. He became Toronto's Chief Financial Officer in 2002 and City Manager in 2008, where he was responsible for the city's budget until his retirement in 2015. Of his many accomplishments at the City of Toronto, Pennachetti developed the City's strategic plan for 2014-2018 in order to build on the city's key achievements from the previous decade, advancing City Council's vision, mission, and goals for years to come. Under his leadership, the City of Toronto was – and continues to be – recognized internationally for quality, innovation and efficiency in delivering public services and is among the highest ranked cities for tax competitiveness, business investment, labour attractiveness and livability. Prior to joining the City of Toronto, Joe held senior positions in the regional municipalities of Peel, York and Durham and spent ten years at the City of Edmonton. In November 2015 he joined the University of Toronto as executive adviser to the Global Cities Institute and the World Council on City Data and as a Senior Fellow at the Institute of Municipal Finance and Governance.



**John Bergsma,
Vice Chair**

*Term: August 2007 to
April 2018*

In addition to serving as the Vice Chair on OCWA's Board of Directors, John Bergsma is currently Chairman of the Board of Pioneering Technology Corp. He also sits on the Boards of St. Catharines Hydro Inc. (Vice Chair – Generation) and Horizon Utilities Corp. John served as President of Lennox Canada Inc., President and CEO of Union Gas Limited, President of Massey Ferguson Research Ltd., and Columbus McKinnon Limited. He also served on the Boards of Directors of CFM Corp., various natural gas utilities, pipeline companies and industry associations, including the Executive Committee of the Board of the International Gas Union. John is the past Chair of the Board of the Niagara Health System Foundation and served over 20 years on the Board of Governors of the University of Waterloo, including a term as Board Chair. He also served as Commissioner of Corporate Services for Niagara Region, on the Boards of the Stratford Festival of Canada, Ontario Great Lakes Renewal Foundation, the Canadian Urban Institute, and various United Ways across Ontario.



Melanie Debassige

*Term: October 2013 to
October 2019*

Melanie Debassige has over 20 years of experience in Indigenous Economic Development. She obtained a Diploma in Native Management and Economic Development from Trent University and a Bachelor of Arts from the University of Western Ontario. She also has a certificate in Economic Development from the University of Waterloo and is a certified Professional Aboriginal Economic Developer with the Council for the Advancement of Native Development Officers. Melanie held the elected position of Councillor with the M'Chigeeng First Nation Chief and Council for seven years and was appointed as a police commissioner with the United Chiefs and Councils of Manitoulin Police Services during this time. She currently serves as a Director on the Mother Earth Renewable Energy Board that oversees the for-profit wind turbine corporation that is solely owned by M'Chigeeng First Nation. Appointed to the OCWA Board in 2013, Melanie was recently named Chairperson for the Agency's First Nations Committee. Melanie completed the Director's Education Program at the Rotman School of Management and is a certified corporate director, which complements her Master's in Business Administration. Melanie has been recognized by the Canadian Board Diversity Council in the Diversity 50, which is a list of highly-qualified board candidates.



Jon Dogterom

*Term: May 2016 to
May 2019*

Jon Dogterom leads Cleantech Venture Services at MaRS, assisting innovative Ontario-based companies in growing their businesses. He is also part of the Advisory Board of the Advanced Energy Centre, a public-private partnership he co-founded with a focus on innovative domestic energy programs and strengthening international relationships to drive exports. He is also a member of the Ontario Smart Grid Forum. Jon has an extensive background in early-stage and high-growth alternative energy companies. Prior to joining MaRS, he led business development for Hydrogenics Corporation, where he focused on strategic partnerships, product development, and sales and marketing through the launch of the company's fuel cell and hydrogen generation divisions. Jon also previously worked with The Pembina Institute, leading corporate-consulting services on low-impact renewable energy and energy policy. In 1997 he co-founded Sustainable Energy Technologies, a leading Canadian provider of power electronics for the solar power industry.



Debbie Korolnek

*Term: March 2017 to
March 2020*

Debbie has more than 30 years' experience in the field of municipal engineering. She is currently the General Manager, Engineering, Planning and Environment, for Simcoe County. A graduate of the University of Guelph in 1983 with a B.Sc. in Water Resources Engineering, Debbie began her career in consulting engineering working in municipal water and wastewater. In 1991 she joined the Regional Municipality of York as a project engineer, and worked in several positions to eventually become the General Manager, Water and Wastewater in 2005. While at York, she served as a municipal representative on the CTC Source Protection Committee. She was also closely involved with implementation of policies under the Oak Ridges Moraine Protection Plan, the Lake Simcoe Protection Plan and Source Water Protection Plans. Debbie left York Region in 2008 to pursue a broader career in Public Works with the Town of Bradford West Gwillimbury, where she worked with staff to develop a strategic plan for the newly formed engineering services department, combining roads, water, wastewater, development engineering and asset management and bringing in-house capital delivery. She joined Simcoe County in April 2013 and has oversight of the Planning, Solid Waste, Roads, Forestry, Economic Development, Tourism and By-Law Departments.



Brenda Lucas

*Term: May 2016 to
May 2019*

Brenda is the Executive Director for the Southern Ontario Water Consortium (SOWC). Since 2011, SOWC has helped water companies access unique facilities for real world demonstration, find the right researcher match across its 10 academic partner institutions and leverage R&D investments. With support from the Federal Economic Development Agency for Southern Ontario, SOWC has established the Advancing Water Technologies fund for collaborative demonstration projects by southern Ontario water companies. As Senior Policy Advisor to two Ontario Ministers of Environment, Brenda played a key role in the introduction and passage of the *Water Opportunities Act*. She is a member of the Forum for Leadership on Water (FLOW Canada).



Sandra Odendahl

Term: August 2017 to August 2020

Sandra Odendahl is President and CEO of CMC Research Institutes, an environmental tech and innovation company that facilitates the testing and scale-up of technologies that reduce carbon emissions from industrial sources. Sandra joined CMCRI in September 2017 with over 20 years of experience in environmental science, engineering, and responsible finance. She previously headed the Royal Bank of Canada’s Corporate Sustainability, Social Finance and Social Innovation teams. Prior to joining RBC, she worked as an environmental scientist for Noranda in Montreal, and as an environmental consultant for BEAK Engineering in Toronto and Vancouver. Sandra is Chair of the Toronto Atmospheric Fund and has an M.A.Sc. in Chemical Engineering from the University of Toronto. She is a licensed professional engineer and a CFA charter holder. Sandra lives with her husband and two children in Toronto.



Debra Sikora

Term: January 2014 to January 2020

Debra Sikora has been with the Ontario Public Service for over 30 years, joining the Ministry of Agriculture, Food and Rural Affairs (OMAFRA) in 2013. In her current role, she is responsible for overseeing the Food Safety and Environment Division to support the vision of Safe Food, Healthy Animals, and a Healthy Environment. Prior to joining OMAFRA, Debra was the Assistant Deputy Minister and Chief Administrative Officer with the Ministry of the Environment and Climate Change. Debra earned a Bachelor of Applied Science in Geological Engineering from the University of Toronto.



Michael Thorne

Term: June 2013 to June 2019

Michael Thorne was a Municipal Consultant with over 50 years of experience in the planning, operation and construction of water, wastewater and solid waste projects. He spent 15 years with the Ministry of the Environment managing the South Peel Water and Sewage System prior to joining the Municipality of Metropolitan Toronto, where he held a variety of senior positions including the Commissioner of Works with the Metro Works Department. Since then, he provided a variety of consulting services in delivering capital water and wastewater programs for the Regions of Halton, Durham, and Peel and the City of Hamilton. He finished his last project with the Region of Halton in 2017. He is currently enjoying retirement and his work on the OCWA Board.



Mitchell Zamojc

Term: April 2016 to April 2019

Mitchell Zamojc brings over 40 years of experience within the Ontario engineering industry to OCWA, including 25 years in senior management positions with the Regional Municipalities of Peel and Halton. During his tenure in the public sector, Mitchell managed operational programs and progressive innovation in a wide range of municipal business areas. As Commissioner of Public Works for the Regions of Peel and Halton, he was responsible for a number of portfolios, including water, wastewater, solid waste, transportation, metering, fleet, Public Works facilities and buildings.

Total Director compensation for 2017 was \$47,900. Director compensation includes per diem payments for preparation for and attendance at Board, Committee and Task Force meetings, along with any time spent working on behalf of the Agency.



OFFICERS OF THE AGENCY

(AS AT DECEMBER 31, 2017)



**Nevin McKeown,
President and CEO**

Nevin McKeown has been with OCWA since its inception in 1993 and has been with the Ontario Public Service for more than 25 years. Nevin began his career in the Operations group in the South Peel Facilities and held progressively responsible management and oversight positions with OCWA, including Vice President, Operations, prior to assuming his current role as President and CEO. Nevin has led a number of diverse teams and initiatives throughout his career, including the operational integration of \$350 million in capital expansion projects at the Peel wastewater facilities. Nevin is a long-time member of the Water Environment Association of Ontario (WEAO) and the Ontario Water Works Association (OWWA). He holds an Operating Engineer Certificate [Second Class] and a Class Four Wastewater Treatment Certificate.



**Terry Bender,
Vice President,
Operations**

Terry Bender has been with the Ontario Public Service for over 30 years, joining OCWA at its inception in 1993. During that time, he has held many challenging and progressively responsible positions with the Ministry of the Environment and Climate Change and OCWA, including Operations Manager, Capital Works Manager, General Manager and Regional Hub Manager, before being appointed Vice President, Operations in 2016. Terry has extensive experience in all aspects of the operation and maintenance of water and wastewater facilities and has worked on numerous successful projects in OCWA facilities across Ontario, including operations contract procurement, renewals and startups. Terry is a licensed master electrician, licensed well technician and contractor, a member of the Ontario Association of Certified Engineering Technicians and Technologists and holds class 4 certification in water treatment and distribution, as well as a class 3 in wastewater treatment and collection.



**Sav Chawla,
Vice President,
Information and
Information
Technology**

Sav Chawla is the Vice President of Information and Information Technology (VP, I&IT) and joined OCWA in 2016. Sav brings over 25 years of experience in I&IT, having held many roles in the private sector at profit and not-for-profit organizations, as well as senior management roles in the Ontario Public Sector. As VP, I&IT, Sav has the responsibility to lead her teams to design and deliver technology solutions that will support the water and wastewater operational needs of a diverse client group.



**Courtney Drew,
Vice President,
Human Resources**

.....

Courtney Drew has over 12 years of experience in Human Resources in the Ontario Public Service. Courtney holds an Honours Bachelors of Arts Degree from Queen's University and a post-graduate certificate in Human Resources from Humber College. Her career began as a Human Resources Consultant at the Ministry of Community and Social Services, after which she has held progressively responsible positions, showing strong leadership throughout. She is instrumental in leading OCWA's Human Resources to be a strategic business ally for the Agency. Courtney and her team play an active role in the establishment and execution of overall strategy, integrating internal and external stakeholder expectations through identification, forecasting and facilitation of organizational responses to an ever-changing internal workforce and external pressures.



**Alicia Fraser,
Vice President,
Engineering,
Capital and
Support Services**

.....

Alicia Fraser joined OCWA as the Vice President of Engineering, Capital and Support Services (VP, ECSS) in February of 2016, bringing with her more than 10 years of experience in consulting engineering, designing and project managing water and wastewater plants throughout Ontario. Prior to joining OCWA, Alicia worked for the City of Toronto, where she held progressively senior roles in the Engineering and Construction Services department, including leading a team responsible for capital delivery of sanitary and storm water management solutions associated with the Basement Flooding Protection Program. As VP, ECSS, Alicia is responsible for overseeing a wide variety of Agency programs, including project planning and delivery, capital solutions, innovation and technology, asset management, environmental compliance and health and safety. Alicia and her team work closely with Agency operations staff, providing technical expertise and support to OCWA's operations and identifying opportunities to optimize the operation of client facilities, improve performance and reduce costs.



**Richard Junkin,
Vice President,
Operations**

.....

Richard Junkin has been with OCWA since its inception in 1993, most recently as the Regional Hub Manager for the Region of Waterloo. A certified water and wastewater operator, Richard brings more than 20 years of valuable operational experience to his role as Vice President. He is a former member of OCWA's emergency response team, having been involved in several emergency response efforts across Ontario. Richard is also proud to have been part of the OCWA Jets, the Agency's award-winning Operations Challenge team.



**Jim Nardi,
Vice President,
Operations**

With over 30 years of experience in the water and wastewater industry, Jim has extensive knowledge in plant operations, commissioning, optimizing, and the development of standard operating procedures. As Operations Manager for two Class 4 facilities – G.E. Booth WWTP and Clarkson WWTP in the Region of Peel – he demonstrated his ability to adapt to new technologies and processes, and championed a number of large-scale projects for the Region. He is a member of WEAO, OWWA and WEF and holds a Class 4 Wastewater Treatment License.



**Robin Kind,
Executive Vice-
President and
General Counsel**

Robin Kind joined the Ontario Clean Water Agency in November 1994 and was appointed General Counsel in 2003. In December 2015, Robin was appointed Executive Vice President. Robin's 25-year legal career spans both the public and private sector. Prior to joining OCWA, she spent several years with leading national law firms in Toronto practicing in the areas of corporate commercial and environmental law. In addition to her legal and Board responsibilities as General Counsel and Corporate Secretary, Robin also has responsibility for Enterprise Risk Management, Marketing and Communications and Community Outreach. Robin graduated from the University of Toronto Law School in 1987 and was called to the Bar in 1989.



**Prem Rooplal,
Vice President,
Finance and
Corporate Services**

Prem Rooplal joined OCWA in 2001 as the Manager of Accounting and Financial Analysis. He holds a Bachelor's Degree from the University of Toronto and is a Chartered Professional Accountant (CPA) and Certified Management Accountant (CMA). Prem is also a Certified Corporate Financial Planning and Analysis professional holding the FP&A certification. Prior to joining OCWA, he worked for 16 years in the private sector in Manufacturing, Construction, Retail and Pharmaceutical Research and Development.



**Sandra Witlarge,
Controller, Finance**

Sandra Witlarge is an experienced financial professional with a career spanning more than 28 years in both the public and private sectors. Sandra joined OCWA in September 2000 as Manager of Budgets and subsequently became Controller in May 2002. Prior to joining OCWA, she held various financial positions with a large manufacturing company. Ms. Witlarge is a Chartered Professional Accountant and Certified Management Accountant (CPA, CMA). She holds a Bachelor of Administrative Studies degree from York University and is also a Certified Fraud Examiner.



A woman with long blonde hair, wearing a blue hard hat and clear safety glasses, smiles warmly at the camera. She is dressed in a bright orange safety jacket with reflective yellow and grey stripes. The background is a blurred industrial facility with white pipes and machinery. On the left side of the image, there is a large blue diagonal graphic element with several horizontal white lines of varying lengths. The text 'FINANCIAL STATEMENTS' is overlaid in large, bold, white capital letters on the lower left portion of the image.

FINANCIAL STATEMENTS

 Ontario Clean Water
Alliance Ontario/Alliance Des
Eaux

Management Analysis of Financial Results

Overview

OCWA experienced another strong year with positive financial results, realizing a Net Income of \$5.8 million, which was in line with the prior year (before one-time adjustments) and well ahead of plan. These strong results can be attributed to the 8% growth in Total Operating Revenue, which was driven by increases in both Major Maintenance revenue and Consumer Price Index increases on fixed price contracts. In addition, an increase in investment income was fueled by the two increases to the Bank of Canada overnight rate. These increases were enough to offset a 10% increase in Total Operating Expenses resulting from a combination of salary and benefits increases for bargaining unit and non-bargaining staff and increased repair and maintenance costs.

Balance Sheet

Net Assets increased by 2.9% in 2017, to \$205.9 million, due to a strong Net Income of \$5.8 million. Cash and short-term investments decreased by \$16.7 million, primarily due to the purchase of term deposits and capital assets. The Agency and continues to meet its obligations without the use of debt, and as in prior years, had no debt in 2017.

Revenue

OCWA's growth strategy is focused on retaining current clients, attracting new clients and expanding the scope of services provided to clients beyond the delivery of Operation and Maintenance (O&M) services. In 2017 the Agency was successful in retaining the majority of its clients, signing contract renewals for five to seven years. A combination of contractual increases and new business service revenues led to a 3% increase in total O&M revenues.

Funding provided to municipalities by the federal and provincial governments through programs such as the Clean Water and Wastewater Fund (CWWF) enabled many of our clients across Ontario to rehabilitate and modernize their aging infrastructure. These infrastructure upgrade projects, combined with additional upgrades initiated by some of our largest clients, contributed to a 21.4% increase in Major Maintenance revenues as compared to 2016.

In 2017, OCWA's Capital Projects Delivery and Engineering Services groups merged to form the Project Planning and Delivery (PPD) group. Services provided by the PPD group, along with the Training group, contribute to the Agency's Fees Revenue. A significant decrease in Fees Revenue as compared to prior years resulted from a shift in focus by the PPD group to supporting the Agency's Operations group in providing Major Maintenance services to clients, along with providing internal training to OCWA staff.



Expenses

Increases in Total Operating Expenses were driven by increased salary and benefits and other operation expenses, partially offset by a reduction in the amortization of tangible capital assets. In 2017, four year extensions to the collective agreements for the Agency's major bargaining units were ratified. Salary increases based on the collective agreements, along with compensation adjustments for non-bargaining staff were partially offset by the reduction in Future Employee Benefits to reflect its present value, resulting in an increase of 5.4% to salary and benefits costs.

Spending on infrastructure upgrades and other out of scope services resulted in a 23.6% increase in repair and maintenance costs compared to 2016, as clients made use of CWWF funds to upgrade and repair their facilities.

Amortization for the OCWA Tools Evolution Program (OTEP) was offset by lower vehicle amortization as the Agency continued to retire purchased vehicles and refresh the fleet with new leased vehicles, resulting in an overall decrease of 2.5% in amortization costs.

Chemical costs, driven by increases in both price and usage, increased by 5.4% compared to 2016. While the Agency minimized exposure to market volatility and price fluctuations by establishing multi-year contracts with chemical suppliers, some projects used higher volumes of chemicals in 2017.

Insurance premiums increased by 3.7% compared to 2016, primarily due to increased property insurance costs caused by higher insurable values of upgraded facilities.

Investment Income

The Agency's investment portfolio is comprised of short-term and long-term investments, overnight cash balances and loans receivable. Interest from OCWA's investment portfolio increased by 9.5% compared to 2016 due to the increase in long-term investments at higher interest rates, partially offset by declining income from the loan portfolio.

Management's Responsibility for Financial Information

OCWA's management and Board of Directors are responsible for the financial statements and all other information presented in this annual report. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

OCWA is dedicated to the highest standards of integrity in its business. To safeguard assets, the Agency has a sound set of internal financial controls and procedures that balance benefits and costs. Management has developed, and continues to maintain, financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information in accordance with the bylaws of the Agency. Internal audits are conducted to assess management systems and practices, and reports are issued to the Executive Management Team.

The Board of Directors ensures that management fulfills its responsibilities for financial and internal control. The Board of Directors and the Audit and Finance Committee of the Board meet quarterly to oversee the financial activities of the Agency and at least once a year to review the financial statements and the external auditor's report and recommend them to the Minister of the Environment and Climate Change for approval.

The Auditor General has examined the financial statements. The Auditor General's responsibility is to express an opinion on whether the financial statements are presented fairly in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.



Nevin McKeown
President and Chief Executive Officer



Prem Rooplal
Vice President
Finance and Corporate Services

Toronto, Ontario
April 5, 2018



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Independent Auditor's Report

To the Ontario Clean Water Agency

I have audited the accompanying financial statements of the Ontario Clean Water Agency, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and change in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Clean Water Agency as at December 31, 2017 and the results of its operations, change in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

20 Dundas Street West
 Suite 1530
 Toronto, Ontario
 M5G 2C2
 416-327-2381
 fax 416-327-9862
 tty 416-327-6123

20. rue Dundas ouest
 suite 1530
 Toronto (Ontario)
 M5G 2C2
 416-327-2381
 télécopieur 416-327-9862
 ats 416-327-6123

www.auditor.on.ca

Toronto, Ontario
 April 5, 2018

Bonnie Lysyk, MBA, FCPA, FCA, ECA
 Auditor General

Statement of Financial Position

As at December 31, 2017

(in thousands of dollars)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and short-term investments [note 3a]	26,087	42,791
Accounts receivable, net		
Municipalities and other customers [note 3b]	31,656	25,569
Ministry of the Environment and Climate Change	362	16
Harmonized sales tax receivable	3,599	2,258
Prepaid Expenses	840	4,269
Current portion of investments receivable for water and wastewater facilities [note 2]	258	579
	62,802	75,482
Non-current assets:		
Investments in term deposits [note 3a]	47,397	31,771
Investments receivable for water and wastewater facilities [note 2]	55	283
Loan receivable – Ontario Infrastructure and Lands Corporation [note 3c]	120,000	120,000
Tangible Capital Assets, net [note 4]	6,160	7,360
	173,612	159,414
Total Assets	236,414	234,896



(in thousands of dollars)

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	16,817	21,152
Current portion of employee future benefits (note 8a)	4,629	3,998
	21,446	25,150

Long-term liabilities:

Employee future benefits (note 8a)	9,087	9,764
Net Assets	205,881	199,982

Contingencies and Measurement Uncertainty (note 1e)

Total Liabilities and Net Assets	236,414	234,896
----------------------------------	---------	---------

see accompanying notes to financial statements

On behalf of the Board

Director

Director

Statement of Operations and Change in Net Assets

For the year ending December 31, 2017

(in thousands of dollars)

	December 31, 2017	December 31, 2016
Utility Operations Revenues:		
Utility operations	190,918	175,892
Other Business	1,211	2,020
Total Operating Revenues	192,129	177,912
Operating Expenses:		
Salaries and benefits (note 8a and note 8b)	75,738	71,878
Other operating expenses	110,664	97,198
Amortization of tangible capital assets	2,590	2,656
Total Operating Expenses	188,992	171,732
Excess of revenue over expenses – Utility Operations	3,137	6,180
Interest from Investments and loans receivable	2,620	2,393
Excess of revenue over expenses	5,757	8,573
Net Assets, opening balance	199,982	192,584
Adjustment to Net Assets (note 6)	142	(1,175)
Net Assets, ending balance	205,881	199,982

see accompanying notes to financial statements



Statement of Cash Flows

For the year ending December 31, 2017

(in thousands of dollars)

	December 31, 2017	December 31, 2016
Cash Provided by (used for) Operating Activities		
Excess of revenue over expense-Utility Operations	3,137	6,180
Items Not Affecting Cash		
Amortization of Tangible Capital Assets	2,590	2,656
Decrease in future employee benefits expense	(677)	(2,184)
	5,050	6,652
Changes in non-cash operating working capital		
Accounts Receivable	(7,774)	(2,939)
Prepaid Expenses	3,429	(3,763)
Accounts Payable and Accrued Liabilities	(4,335)	3,058
Legislated Severance	631	(759)
	(8,049)	(4,403)
Net Cash Flows from operating activities	(2,999)	2,249
Cash From Investing Activities		
Interest	2,620	2,393
Principal Repaid on Loans	549	606
Increase in non-current Term Deposits	(15,626)	(3,405)
Net cash flows from investing activities	(12,457)	(406)
Cash Used in Capital Activities		
Tangible Capital Assets Acquired	(1,390)	(1,295)
Cash Used in Financing Activities		
Changes in Net Assets	142	(1,175)
Decrease in Cash and Short-Term Investments	(16,704)	(627)
Cash and Short-Term Investments, Opening Balance	42,791	43,418
Cash and Short-Term Investments, Closing Balance	26,087	42,791

Notes to Financial Statements

December 31, 2017

GENERAL

The Ontario Clean Water Agency (The "Agency") was established on November 15, 1993, under the authority of *The Capital Investment Plan Act, 1993* (the "Act").

The Agency's objects include:

- (a) assisting municipalities, the Government of Ontario and other persons or bodies to provide water and sewage works and other related services by financing, planning, developing, building and operating those works and providing those services;
- (b) financing and promoting the development, testing, demonstration and commercialization of technologies and services for the treatment and management of water, wastewater and stormwater;
- (c) carrying out the activities described in clauses (a) and (b) in Ontario and elsewhere in a manner that protects human health and the environment and encourages the conservation of water resources; and
- (d) with respect to activities described in clauses (a) and (b) that are carried out in Ontario, carrying them out in a manner that supports provincial policies for land use and settlement.

The Agency is exempt from Federal and Provincial income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

The Agency is classified as a government not-for-profit for financial reporting purposes. These financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board. The Agency has chosen to use the standards for not-for-profit organizations that include the 4200 series sections. The significant accounting policies are as follows:

(a) Cash and Short-term Investments

Cash and short-term investments, including a portfolio of bonds, are recorded at cost. Accrued interest is recorded in accounts receivable. Bonds are expected to be held until maturity.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Tangible Capital Assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost. Tangible Capital Assets are amortized on a straight-line basis as follows:

Computer Software	2-7 years
Information Systems	7 years
Furniture and Fixtures	5 years
Automotive Equipment	4-20 years
Computer Hardware	3-7 years
Machinery and Equipment	5 years
Leasehold Improvements	Life of the lease

(c) Revenue Recognition

Revenue on contracts with clients for the operation of water and wastewater treatment facilities based on a fixed annual price is recognized in equal monthly amounts as earned.

Revenue on contracts with clients based on the recovery of costs plus a percentage markup or recovery of costs plus a fixed management fee is recognized at the time such costs are incurred.

Revenue for additional work for clients outside the scope of the operations and maintenance contract, such as capital repairs on equipment, is recognized when the costs are incurred, and normally includes a pre-determined markup on cost.

(d) Financial Instruments

A financial instrument is an asset that will ultimately be settled in cash.

All financial instruments have been valued at cost, which approximates fair value.

The financial instruments consist of cash and short-term investments, accounts receivable, investments receivable, bond portfolio, term deposits, loans receivable, accounts payable and accrued liabilities, and employee future benefits.

A Statement of Remeasurement of Gains and Losses has not been prepared because all financial instruments are valued at cost and there are no changes in fair value to record.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

[e] Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures for the period. Significant items subject to such estimates and assumptions include the amortization expense, accrued liabilities and employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. INVESTMENTS RECEIVABLE FOR WATER AND WASTEWATER FACILITIES

These investments represent the outstanding principal portion of amounts receivable from clients for capital expenditures undertaken by the Agency on their behalf, and recoverable operating costs, if any, not billed.

The investments receivable are supported by agreements that bear interest at rates between 6.35% and 9.63%. Scheduled principal repayments of the investments are as follows:

<i>[12 Months Beginning January]</i>	<i>[in thousands of dollars]</i>
2018	258
2019	26
2020	29
	313
Less: Current portion	[258]
	55

2. INVESTMENTS RECEIVABLE FOR WATER AND WASTEWATER FACILITIES (cont'd)

In August of 1999, the Agency entered into a loan agreement to finance the construction of a water pipeline, which was completed in May 2000. The outstanding loan balance including accumulated interest was \$18.6 million at December 31, 2005. The Agency has recognized the loan as fully impaired and accordingly the loan amount of \$18.6 million has been reflected in an allowance for loan impairment.

Other than as described in this note, there are no other provisions established for investment receivables.

3. FINANCIAL INSTRUMENTS

(a) Cash and Investments

The Agency has \$73.5 million invested in bank balances, term deposits and a bond portfolio as follows:

	<i>(in thousands of dollars)</i>
Bank Balances	5,156
Short term bonds (coupon rates 1.54%)	7,494
Term deposits due within a year (Interest rates 1.55%-1.91%)	<u>13,437</u>
Cash and Short-Term Investments	26,087
Term deposits due within two years (Interest rate 1.75%- 2.22%)	<u>47,397</u>
	<u>73,484</u>

The fair value of the bank balances and term deposits approximates carrying value and the fair value of the short-term bond portfolio is \$7.4 million.

3. FINANCIAL INSTRUMENTS (cont'd)

(b) Credit Risk

The maximum exposure to credit risk consists of the total of cash and short-term investments, accounts receivable, investments in term deposits, investments receivable and loans receivable.

The Agency is exposed to low credit risk because receivables are due from municipalities and payment is usually collected in full. Credit rating reviews are performed for non-municipal clients. All bank balances and short-term investments are held by large Canadian chartered banks.

A breakdown of the accounts receivable from municipalities and other customers is as follows:

	<i>[in thousands of dollars]</i>
0-60 days	29,132
61-90 days	1,104
91-120 days	347
121-150 days	118
More Than 151 days	955
Total Net Accounts Receivable Municipalities and Other Customers	31,656

An account receivable is considered to be impaired when dispute resolution has failed and the account is forwarded to legal counsel for further action. At December 31, 2017, two accounts were considered impaired. The outstanding balances totaled to \$0.7 million [2016 - \$0.8 million]. Net Accounts Receivable includes an Allowance for Doubtful Accounts which is based on a provision for 25% of Accounts Receivable aged greater than 60 Days. The Agency believes that this policy mitigates the risk of incorrect provision.

3. FINANCIAL INSTRUMENTS (cont'd)

(c) Cash Flow Risk

The Agency has extended a \$120 million loan to Ontario Infrastructure and Lands Corporation which matures on March 1, 2023 with a variable interest rate set at four basis points below the average monthly Canadian Dollar Offered Rate. It also has term deposits and bank balances that are sensitive to the prevailing interest rates. As a result, it is exposed to a cash flow risk related to the fluctuations in interest rates.

(d) Other

The Agency is exposed to low risk for electricity and chemical costs because most of the contracts are structured to pass these costs through to the customer.

Other than as described in these notes, the Agency is not exposed to any additional currency, liquidity or other price risk on its financial instruments.

4. TANGIBLE CAPITAL ASSETS

<i>[in thousands of dollars]</i>	Cost	Accumulated Amortization	Net December 31, 2017	Net December 31, 2016
Computer Software	8,232	5,119	3,113	4,235
Information Systems	5,988	5,213	775	985
Furniture and Fixtures	226	179	47	67
Automotive Equipment	4,763	4,155	608	193
Computer Hardware	5,275	4,162	1,113	1,328
Machinery and Equipment	1,220	840	380	383
Leasehold Improvements	426	302	124	169
	26,130	19,970	6,160	7,360

The Board approved capital and re-engineering expenditures of up to \$14.7M from fiscal 2012 onward to modernize the Agency's operating and maintenance information technology and infrastructure. As at December 31, 2017, \$12.9 million was spent and the project is now complete. Of the remainder, \$1.2 million will be carried over to be used in the next stage of OCWA's technology evolution. In 2017 the Board approved the Agency's Business Transformation Program (BTP) which will be implemented in 2018. The BTP is focused on strategic investments in infrastructure, IT systems and business practices.

5. LEASE COMMITMENTS

Annual lease payments under operating leases for rental of office equipment, premises and vehicles in aggregate are as follows:

	<i>(in thousands of dollars)</i>
2018	3,040
2019	2,555
2020	1,536
2021	731
Thereafter	232
	<u>8,094</u>

6. NET ASSETS

When the Agency was first established, the opening net assets were received from the Province of Ontario in the form of the book value of net assets in excess of obligations assumed.

Subsequent adjustments to the balance are for costs, such as legal costs, that relate to property received by the Province of Ontario when the Agency was established.

In 2014, the Agency was named in an action for soil contamination clean up due to a diesel spill the circumstances of which occurred prior to the establishment of the Agency. In 2016 the claim was settled out of court for \$1.2 million and the amount was recorded, in fiscal year 2016, as an adjustment to net assets. In 2017, \$0.3 million was recovered from the Agency's insurer. In addition, the Agency was required to pay approximately \$0.2 million for legal costs and costs to demolish a structure related to property which existed prior to the establishment of the Agency. These amounts were recorded as an adjustment to net assets.

7. CONTINGENCIES

(a) Contingent Liabilities

The Agency is involved in various legal claims arising in the normal course of business, the outcome of which cannot be determined at this time.

Most of the legal claims are covered by insurance after the application of a deductible, ranging from \$5,000 to \$100,000, depending on when the event giving rise to the claim occurred and the nature of the claim.

7. CONTINGENCIES (cont'd)

(b) Letters of Credit

The Agency has lines of credit with the Royal Bank of Canada for \$15 million. As of December 31, 2017, \$7.8 million of these lines of credit have been used to provide letters of credit to municipalities in accordance with the terms of their operations and maintenance agreements.

8. RELATED PARTY TRANSACTIONS

(a) Non-Pension Employee Future Benefits

The Agency is responsible for its accrued legislated severance, unpaid vacation, and workers compensation obligations.

The costs of these employee future benefits obligations have been estimated at \$13.7 million (2016 – \$13.8 million) of which \$4.6 million (2016 – \$4.0 million) has been classified as current liability. The amount charged to the income statement in 2017 was \$1.0 million (2016 – \$1.4 million) and is included in salaries and benefits expense in the Statement of Operations and Changes in Net Assets.

During the year the accrued employee benefits obligation was reduced by \$0.6 million (2016 – \$1.5 million) due to a curtailment resulting from changes under the Public Service Act of Ontario.

Included in employee future benefits obligation is an estimated workers compensation obligation in the amount of \$2.9 million (2016 – \$3.1 million). This amount has been determined from the most recent available actuarial calculations provided by the Workplace Safety and Insurance Board (WSIB) as at December 31, 2016.

It is management's opinion that the balance at December 31, 2017 will not be materially different. Adjustment to the estimated WSIB obligation cumulative balance, if any, will be made in the year the updated balance is provided by WSIB.

The cost of other post-retirement, non-pension employee benefits is paid by the Province and therefore is not included in the financial statements.

8. RELATED PARTY TRANSACTIONS (cont'd)

(b) Pension Plan

The Agency's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Agency's annual payments of the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the agency. The Agency's annual payments of \$4.6 million (2016 - \$4.6 million), are included in salaries and benefits in the Statement of Operations and Change in Net Assets.

(c) Other

As a result of the relationship of the Agency with the Province, the following related party transactions exist:

- (i) The Agency received revenue of \$2.2 million (2016 - \$3.0 million) from the Ontario Infrastructure and Lands Corporation for water and wastewater treatment services OCWA has provided. The services were provided at competitive rates similar to those of other OCWA clients.
- (ii) The Agency received revenue of \$1.7 million (2016 - \$1.6 million) from the Ministry of the Environment and Climate Change (MOECC) for water and wastewater treatment services OCWA has provided. The services were provided at competitive rates similar to those of other OCWA clients.
- (iii) The Agency received revenue of \$0.2 million (2016 - \$0.1 million) from the Ministry of the Northern Development and Mines for water and wastewater treatment services OCWA has provided. The services were provided at competitive rates similar to those of other OCWA clients.
- (iv) The Agency received revenue of \$0.013 million (2016 - \$0 million) from the Ministry of Natural Resources and Forestry for water and wastewater treatment services OCWA has provided. The services were provided at competitive rates similar to those of other OCWA clients.
- (v) The Agency has a \$120 million loan receivable with Ontario Infrastructure and Lands Corporation, as described in note 3c.
- (vi) The Agency relies on the Province to process its payroll and administer its benefits, and to obtain some internal audit and legal services. The Province absorbs some of these administrative costs.







ONTARIO CLEAN WATER AGENCY
AGENCE ONTARIENNE DES EAUX

Corporate Office Locations:

Toronto

1 Yonge Street, Suite 1700
Toronto, ON M5E 1E5
General Inquiry: 416-775-0500
Fax: 416-314-8300

Erin Mills

Sheridan Centre
2225 Erin Mills Parkway,
Suite 1200
Mississauga, ON L5K 1T9
Phone: 905-491-3030

Mississauga

920 East Avenue
Mississauga, ON L5E 1W6
Phone: 905-274-6710

Regional Hub Office Locations:

Eastern Ontario

20 Bennett Drive, Suite 200
Carleton Place ON K7C 4J9
Phone: (613) 253-1590

Kawartha Trent

370 Kent Street West, Unit 1-B-3
Lindsay, ON K9V 4T7
Phone: 613-962-5454, ext.23

Georgian Highlands

30 Woodland Drive
Wasaga Beach, ON L9Z 2V4
Phone: 705-429-2525

Northwestern Ontario

574B Memorial Avenue
Thunder Bay ON P7B 3Z2
Phone: 807-622-2493

Northeastern Ontario

213 Whitewood Ave. West
Norland Building, Unit B5
New Liskeard, ON P0J 1P0
Phone: 705-647-1397

South Peel Facilities

1300 Lakeshore Road East
Mississauga, ON L5E 1E9
Phone: 905-274-1223

Waterloo

368 Mill Park Dr.
Kitchener ON, N2P 2B4
Phone: 519-748-4141

Southwestern

450 Sunset Drive, Suite 370
St. Thomas ON N5R 5V1
Phone: (519) 637-8334

Essex

276 Rourke Line Road
Belle River, ON N0R 1A0
Phone: 519-727-6256

Huron Elgin

450 Sunset Drive, Suite 370
St. Thomas, ON N5R 5V1
Phone: 519-637-8334

1-800-667-6292

www.ocwa.com

Stay Connected.



OCWA.COM